

EMBARGOED UNTIL 7:00 p.m. EDT  
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**Remarks by Tony T. Brown, Director  
Community Development Financial Institutions (CDFI) Fund**

**at the**

**Annual Membership and Training Meeting of the  
Georgia Community Development Association**

**Macon, Georgia**

**Thursday, May 22, 2003**

Good evening and thank you Art (Campbell) for the kind introduction. I want to thank Eugene Bowens, President of the Georgia Community Development Association (GCDA), for inviting me to speak at your Annual Membership Meeting.

This evening, I have the pleasure of addressing you – representatives of the very organizations that are at work in these distressed communities here in Georgia. In remarks to community and business leaders across the country, President Bush acknowledges the role of community-based organizations, like you, in helping to eliminate pockets of economic despair. President Bush believes in the work we do to improve America. He knows that we must work hard and that there is plenty of work to do. And he knows that we can eliminate poverty and despair with love, compassion and decency.

Along with protecting our national security, the President's top priority for the nation is to strengthen our economic security. President Bush will not be satisfied until every American who wants a job can find one; until every business has a chance to grow; and until we create lasting prosperity that reaches every corner of America.

My association with community development corporations started right after college. I served on the board of the Avondale Redevelopment Corporation (ARC) in Cincinnati. I was asked to serve by my employer at the time, First National Bank (now U.S. Banking).

Even now, I can remember the executive director's grandiose plans to build new houses in old neighborhoods. Who, I thought, would buy a new house next to an old house, between

vacant lots, in a neighborhood where the motto was “get out of the ‘hood.”

To be a community development professional requires vision.

When others see vacant lots, dilapidated housing and deteriorating neighborhoods, you guys see an oasis of community spirit.

The spirit of America means that our neighborhoods and communities should never be characterized as a place to “get out.”

The spirit of America means that our neighborhoods and communities singularly represent who we are as a nation.

I applaud you and commend you for the fine work you do to improve our nation’s communities. President Bush often reminds people that the great strength in America is not in our governments. The great strength in America is in the hearts and souls of citizens all around our country. The great strength in America is embodied in those who work, such as you, in community-based institutions across the country.

You should give yourselves a hand.

Let me spend a little time explaining who we are.

The mission of the CDFI Fund is to expand the capacity of financial institutions to provide credit, capital and financial services in economically distressed rural and urban communities. Put simply, the CDFI Fund invests in institutions that in turn provide capital and financial services to underserved people and communities.

Some people like to characterize CDFIs as lenders of last resort. That’s not how I see the network of financial institutions we support. Like you, CDFIs are visionaries. They are not lenders of last resort. These institutions are lenders with high hopes.

These organizations know the value of America’s human spirit.

The organizations we support are able to lend in ways that are more flexible or innovative than traditionally regulated financial institutions. To date, we have certified 678 financial institutions as CDFIs across the country. Of this, only eight are here in Georgia and six of these are headquartered in Atlanta.

Our communities, through compassion and community activism, have built a financial network that is dedicated to improving the lives of our most economically deprived communities and citizenry.

The organizations we support are able to provide capital to community-based organizations such as those like you – working tirelessly to improve our nation’s most distressed

communities.

The Fund promotes access to capital and local economic growth in three ways:

- 1) through our CDFI Program by directly investing in and supporting community development financial institutions (CDFIs);
- 2) through our Bank Enterprise Award (BEA) Program by providing an incentive to banks and thrifts (FDIC-insured depositors) to invest in their communities and in other CDFIs, and
- 3) through our New Markets Tax Credit (NMTC) Program by providing an allocation of tax credits to Community Development Entities (CDEs) which enable them to attract investment from the private sector and reinvest these amounts in low income communities.

Many of you understand that to participate in our program as a certified CDFI you must be a financing entity. This is not the case with CDEs.

As community-based developers, the NMTC Program is a perfect tool for you to expand your community development services beyond just housing.

New Markets Tax Credit is designed to help stimulate up to \$15 billion, yes billions, of needed private sector investments in low-income communities across the country. The NMTC Program offers us a tremendous chance to focus on these communities in an unprecedented manner.

The NMTC program is designed so that community economic development organizations and lenders, like many of you here today, can be empowered with the cash to make a difference in low-income areas. Here, let me explain how the NMTC Program will work:

In December 2000, the Community Renewal Tax Relief Act was signed into law. This law created the New Markets Tax Credit Program.

This \$15 billion program has the potential to stimulate private investment in the nation's low-income communities, creating jobs and opportunities for Americans who might not otherwise have them, and it does so in a way that holds participants accountable for producing results.

Please take a look at the map on your table titled "New Markets Tax Credit." Can you see the shaded areas? These are the areas in Georgia that qualify for investments under the NMTC Program. The information shows that one-half of the state qualifies for this program. Georgia has 1,618 Census Tracts. Of these, 50 percent (816) are eligible for investments under the NMTC Program, or what we call Low-Income Community Tracts

The other map on the table represents eligible areas for the CDFI Program. The different colors are coded to differentiate eligible areas that have high housing costs burdens for low-income families and areas in your market with high levels of poverty and unemployment. We call

these highly distressed areas Hot Zones. Twenty-six percent (267) of your state's metro areas and 20 percent (24) of the non-metro areas are Hot Zones. CDFI Program applicants serving these areas will be given priority points in the current funding round of the CDFI Program.

I would now like to spend a few minutes on the NMTC Program, as you are probably less familiar with it than the CDFI Program I just mentioned. Let me explain how the NMTC Program will work:

- An organization may apply to the Fund to become certified as a Community Development Entity (CDE). To qualify as a CDE (now, this is different than being a CDFI), the entity must have a mission of community development and demonstrate accountability to the low-income communities. Currently, there are 1,021 certified CDEs, of which 16 are based in Georgia;
- The CDE applies for an allocation of NMTCs;
- If the CDE is awarded an allocation of tax credits, it may offer them to its equity investors;
- Investors can receive NMTCs worth 39 percent of the invested amount over the seven-year life of the credit. Investors may not redeem their investment in the CDE prior to the conclusion of the seven-year period;
- The CDE must use substantially all of the proceeds from these investments to make Qualified Low-Income Community Investments (QLICs). QLICs include:
  - Loans and investments in support of commercial real estate development in low-income communities;
  - Loans and investments to businesses operating in low-income communities;
  - Loans and investments to other CDEs;
  - The purchase of loans made by other CDEs to businesses operating in low-income communities; and
  - The provision of counseling to businesses operating in low-income communities.

This past March, we announced \$2.5 billion in NMTC allocations. These were the first allocations made under the NMTC Program. We announced six allocations for \$551 million to CDEs whose service areas include Georgia.

The next application round for the NMTC Program is expected to be available this summer. I strongly encourage each of you to consider how you might take advantage of this tool for economic development.

Again, let me thank you for the invitation to speak. At the CDFI Fund, we play an active role in the President's vision for a more prosperous America.

We believe that ALL Americans should have access to capital, credit and financial services.

We believe that communities in need, can and must be improved.

We believe in you and the potential that you can make in the lives of your customers and the communities you serve in Georgia.

It has been an honor to join you this evening and I look forward to working with you in the months to come.

Thank you very much.